

Cost Benefit Analysis - Totes





Name: Darren Bohlen

Teaching content area(s): Business / Technology

School: Charles City High School

Extern host site: Cambrex Corporation

Part I: Overview of Business

- Cambrex Corporation was created in 1981 and has transformed from a fine chemical manufacturer to a business that focuses on small molecule therapeutics.
- Cambrex is a leading contract manufacturing organization for small molecule Active Pharmaceutical Ingredients (APIs)
- Acquired Salsbury Chemicals in 1991. Salsbury Chemicals was the original API manufacturing facility in Charles City.

Part III: Introduce the Problem

- Cambrex purchases plastic totes to store water that is used in the manufacturing process (the same totes in the picture)
- The totes can only store water for 7 days
- The totes can only be used 1 time
- Currently, Cambrex is paying to dispose of the totes
- Total annual cost for these totes is a significant cost for the company
- How can Cambrex minimize this expense?

Part II: Job Specifics

- My main job is working with the Process Improvement Department
- Cambrex employs the Six Sigma concept
- Six Sigma within an organization follows a
 defined sequence of steps and has specific value
 targets, for example: reduce process cycle time,
 reduce pollution, reduce costs, increase
 customer satisfaction, and increase profits.
- This project's goal is to reduce the cost of a specific item

Part IV: Background

What content knowledge does student need to solve the problem?

- Students will need to know what the current cost breakdown is for the purchase and disposal of each tote
- Students will also need to know how many totes the company uses within a specific time period (annual)

What did the business need to learn to solve the problem?

- Can the totes be recycled/used more than once
- Are there vendors willing to buy the used totes
- Can the manufacturing process allow the totes to be used for a longer time period (>7 days)

Part V: Business Solution

- Company will conduct an analysis of the number of totes used and the direct cost associated with each tote.
- Company will then research alternative methods of disposal for the totes
- Company will research if totes can be recycled
- Company will research if totes can be used longer or more than 1 time in the manufacturing cycle
- Company will research if there is a vendor willing to buy the used totes

Part VI: Student Solutions

- Students will research and find a vendor willing to buy the used totes
- Instead of paying to dispose of the totes, Cambrex would be making money.
- Students can create an Excel spreadsheet displaying the cost benefit analysis